

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
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FISCAL IMPACT STATEMENT

LS 6399

BILL NUMBER: SB 175

DATE PREPARED: Mar 12, 2002

BILL AMENDED: Mar 11, 2002

SUBJECT: School Referendum Tax Levies.

FISCAL ANALYST: Chuck Mayfield

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FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
FEDERAL

IMPACT: State & Local

Summary of Legislation: (Amended) This bill provides that if an excessive levy referendum is approved, a school corporation may impose a referendum tax levy that is separate from the general fund tax levy. It provides that voters may reimpose or extend a referendum tax levy through the referendum process but may not approve a referendum tax levy that is imposed for more than seven years. The bill provides that if the majority of voters in a referendum to allow a school corporation to impose a referendum tax levy did not vote to approve the levy, another referendum to impose a referendum tax levy may not be held for a period of one year. It does not include the referendum tax levy in the determination of state tuition support or maximum general fund tax levy. It also provides that a levy increase due to the imposition of a referendum tax levy is not eligible for property tax replacement credits.

Effective Date: January 1, 2003.

Explanation of State Expenditures: (Revised) Currently, an approved referendum provides a permanent increase to a school's general fund levy. The amount of the referendum is excluded from the tuition support formula calculation the first and second years the increase is imposed. In latter years the referendum is treated the same as other general fund levy increases and has been included in expenditure and taxpayer equalization calculations. Due to certain provisions in the current school formula, a school that passed a referendum may not be receiving additional revenue generated by the passage of the referendum. A school that receives the foundation grant of \$4,440 in CY 2002 and passed a referendum more than two years ago is receiving the same school formula revenue and has the same tax rate as a school that did not pass a referendum..

The bill would create the referendum tax fund and levy. The levy may be imposed for up to seven years and is equal to the amount of referendum approved by the voters. The new levy would be excluded from the tuition support calculations. It is not possible to estimate the number of future referendums or who might pass a referendum.

The exclusion of the referendum levy from the school formula would decrease future school general fund levies and increase state tuition support funding for the school formula. The total property tax levy for schools would be higher since the reduction in the general fund levy would be less than the levy of the referendum tax fund.

The following table lists the number and the dollar amount of levy increases due to approved referendums since 1982.

Calendar Year	Number Approved	Levy
1982	1	\$47,000
1985	4	\$2,350,034
1986	5	\$4,413,281
1987	4	\$1,263,000
1988	2	\$5,449,875
1997	1	\$456,085
1998	1	\$150,000

Explanation of State Revenues:

Explanation of Local Expenditures: See *Explanation of State Expenditures*.

Explanation of Local Revenues:

State Agencies Affected: Department of Education, State Board of Tax Commissioners, State Board of Accounts.

Local Agencies Affected: Local School Corporations.

Information Sources: Department of Education databases.